



## U.S. Department of Justice

*United States Attorney*

*Eastern District of Pennsylvania*

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*615 Chestnut Street*

*Suite 1250  
Philadelphia, Pennsylvania 19106-4476  
(215) 861-8200*

FOR IMMEDIATE RELEASE

December 18, 2008

### **FOUR CHARGED WITH BILKING SMALL BUSINESS OWNERS**

PHILADELPHIA – Acting United States Attorney Laurie Magid today announced a six-count indictment<sup>1</sup> charging four defendants with fraudulently gaining control of four small businesses between 2005 and 2008 and draining those businesses of their assets.

Kenneth Mitan, Frank Mitan, Charro Pankratz and Bruce Atherton are charged with conspiracy to commit mail and wire fraud. Additionally, Kenneth Mitan and Frank Mitan are charged with two counts of mail fraud, and two counts of wire fraud. Kenneth Mitan is also charged with one count of using a false name in furtherance of mail fraud.

“The victims were all small-business owners and operators who thought they were getting a legitimate deal,” said Magid. “But they were never paid what they were owed and the consequences of those broken promises were devastating. Even worse, because most of the victims remained with their companies in some capacity, they were forced to watch as the businesses in which they invested so much time and energy were bled dry.”

According to the indictment, Mitan, using a false name, approached the owners of small businesses who were interested in selling. Once Mitan and his co-conspirators obtained a controlling interest in a business, they failed to pay the agreed-on purchase price, then gutted the company of its existing funds and diverted its receivables into shell accounts. The diverted funds were then further diverted for the personal use of the defendants. Within a few months, the companies were bankrupt, leaving rent, vendors, creditors, utilities and taxes unpaid.

At the same time, Mitan and his co-conspirators diverted some of the target companies’ funds to other targeted companies. The purpose of these payments was to keep the other companies alive by providing them with just enough money to pay their most pressing bills, and thereby staving off bankruptcy for a few more weeks.

If convicted of the conspiracy charge, each defendant faces a maximum sentence of 20 years in prison. In addition, Kenneth Mitan and Frank Mitan face a maximum sentence of 20 years on counts two through five. Kenneth Mitan faces an additional five year maximum sentence on count six.

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<sup>1</sup> An indictment or information is an accusation. A defendant is presumed innocent unless and until proven guilty.

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The case was investigated by United States Postal Inspection Service and the Federal Bureau of Investigation, and is being prosecuted by Assistant United States Attorneys Stephen A. Miller and Scott M. Cullen.

INFORMATION REGARDING THE DEFENDANTS

NAME	ADDRESS	AGE
Kenneth Mitan	Farmington Hills, MI	49
Frank Mitan	Farmington Hills, MI	83
Charro Pankratz	Clinton Township, MI	33
Bruce Atherton	Louisville, KY	54

**UNITED STATES ATTORNEY'S OFFICE  
EASTERN DISTRICT, PENNSYLVANIA  
Suite 1250, 615 Chestnut Street  
Philadelphia, PA 19106**

**Contact:**

**PATTY HARTMAN  
Media Contact  
215-861-8525**

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